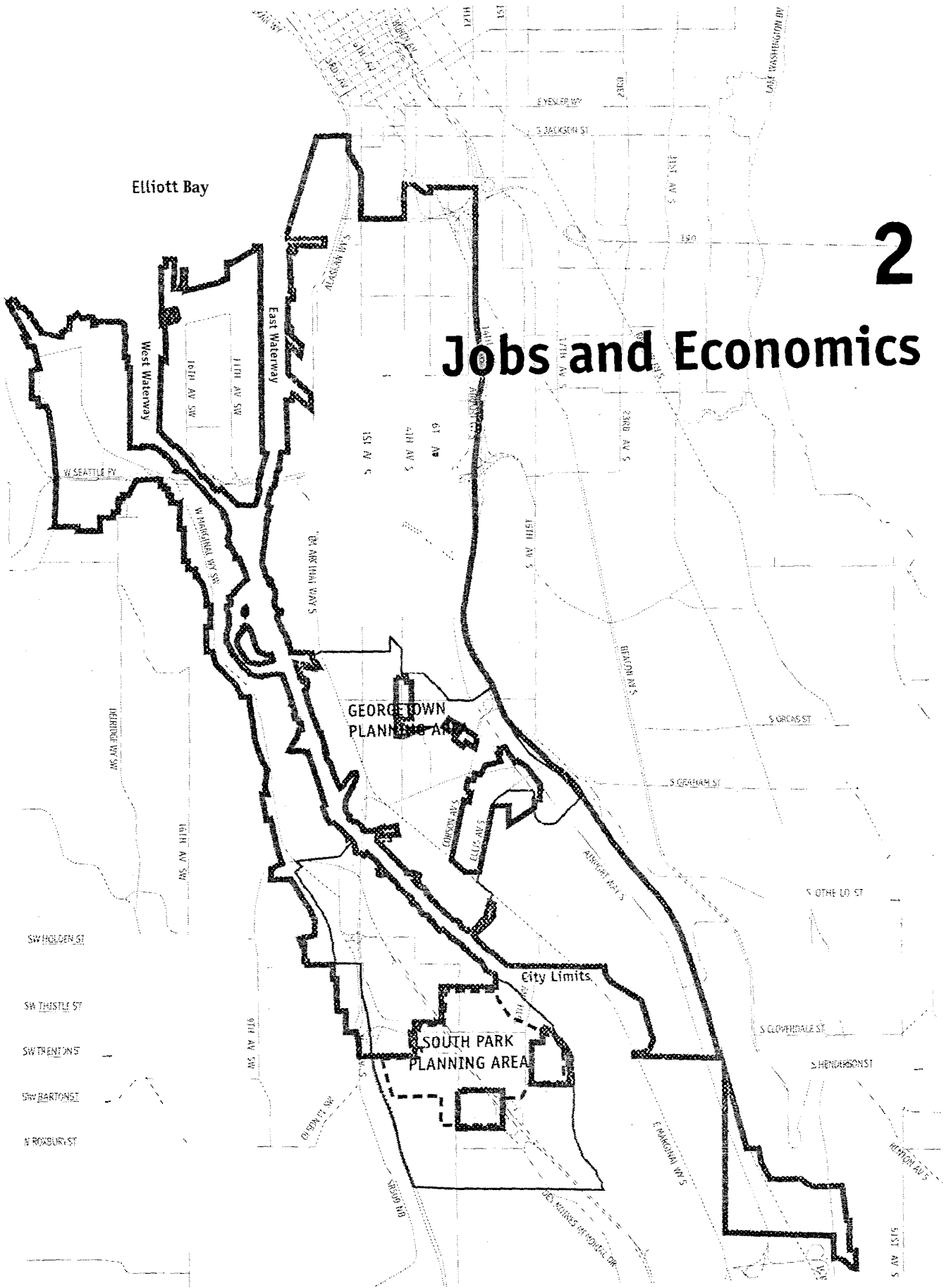


Jobs and Economics



Jobs and Economics

Introduction

Purpose of Economic Analysis

The purpose of this chapter is to 1) Identify trends within the Greater Duwamish Manufacturing and Industrial Center (Duwamish M and I Center), 2) Quantify economic benefits of the region, and 3) Forecast jobs to analyze feasibility of achieving growth targets.

Context

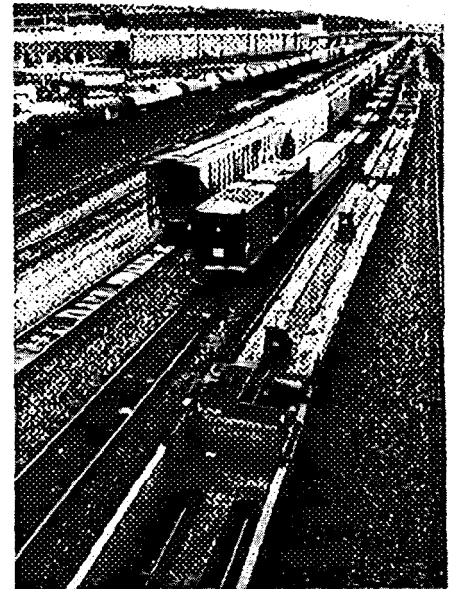
Use Patterns in the Duwamish Area

The Duwamish M and I Center consists of approximately 2,038 parcels on 4,138 acres, according to the King County tax assessor's 1997 database. Industrial uses clearly dominate the area:

- The largest land users of the area are transportation, communication and utilities with 1,524.8 acres or 36.8 percent of the total;
- Industrial uses are the second largest with 973.9 acres (23.5 percent of total);
- Third largest is warehousing, with 789.9 acres (19.1 percent of total);
- Bights-of-way (252 acres) are the fourth most extensive use;
- Parking is the eighth most extensive use;
- Existing non-industrial uses do not account for a very large amount of space in the Duwamish M and I Center. According to BST Associates, there are 57 acres in office use, 52 acres in retail/service, 23 acres in residential, 20 acres in public facilities, 6.1 acres in schools, 2.3 acres in lodging facilities, 1.6 in institutions, and 0.8 acres in mixed use. AU together, non-industrial uses only account for 163.5 acres or approximately four percent of the total acreage in the Duwamish M and I Center;
- While non-industrial uses only account for approximately four percent of the total, they have a much greater impact on the viability of the M and I Center. Non-industrial uses frequently occupy land adjacent to major arterials, can generate much more traffic on major arterials, and impact the overall mix of uses and industrial character of the Duwamish M and I Center by creating the impression that the M and I Center is a commercial area. While some non-industrial commercial establishments support industrial uses, many do not.

The term industrial, as defined by the GDPC, includes a variety of activities and uses, including:

- Processing or manufacturing of materials,
- Marine terminals,
- Industry-related transportation and facilities,
- Fabrication, assembly, treatment or wholesale distribution of manufactured products, or
- Production or storage of industrial related bulk materials.



Vacancy rates in the Puget Sound industrial market have remained at very low levels throughout the past decade, with a high of 5.6 percent in 1996, falling to 4.8 percent in 1997 and have continued to decline (BST Associates). There are currently only 278 parcels on 290.5 acres that are considered vacant properties in the Duwamish M and I Center.

There are many factors contributing to losses in employment within the Duwamish M and I Center, including the increased cost of land acquisition, higher lease rates, the inability to aggregate land, and transportation and access problems. Evaluation of the recent permit history in the area shows that the losses may be due to the introduction of non-industrial businesses. Between 1994 and 1997, there were 624 permits exercised in the M and I Center. Most of these permits entailed:

- Alterations to existing structures (256 occurrences or 41.0 percent of the total),
- Change of use (which occurred 104 times or 16.7 percent of the total), and
- Additions (which occurred 70 times or 11.2 percent of the total).

These three activities accounted for approximately two-thirds of total permit activity. Other permits ranged from access improvements to building a temporary structure.

Economic Importance of M and I Center

The industrial employment sector typically generates more economic impacts than other types of businesses. For example, according to the IMPLAN model for King County industrial uses, the multiplier for retail employment ranges from 1.34 to 1.61. This means that for every job in the retail sector, another 0.34 to 0.61 jobs are created. Wholesale trade, on the other hand, has an employment multiplier of 1.99. Water transportation, one of the major sources of employment in the M and I Center, has a multiplier of 2.80, which is much higher than that for retail. Motor freight & warehousing is also higher, with a job multiplier of 2.10. Manufacturing is also a big source of total job creation, with multipliers such as 1.80 for industrial machinery, 1.72 for boat building & repairing, and 2.24 for aircraft manufacturing. (Source: BST Associates. Please see Appendix C for more detailed economic information.) Overall, industrial uses generate more jobs than retail uses.

The total impact from wages paid in the retail sector is also substantially less than the wage impact of Duwamish industry sectors. In the retail sector, the wage multiplier for eating & drinking establishments is 1.64, meaning that for every \$1.00 paid in wages to restaurant workers, another \$0.64 in wages are generated across all employment sectors. In the transportation sector, water transportation generates a wage multiplier of 2.58 and motor freight transportation & warehousing generates a wage multiplier of 2.28. The wage multiplier for the wholesale industry is 1.66, slightly higher than that for eating & drinking establishments. In the manufacturing sector, aircraft manufacturing actually has a lower wage multiplier (i.e. 1.54) than the food service industry, but the average wage is much higher. Boat and ship building and repair has a wage multiplier of 1.64. Hotels & lodging are similar to food service, with a wage multiplier of 1.68; most other services fall in the range of 1.30 to 1.90.

The Duwamish Waterway is an important transportation corridor with regional and national significance. Serving as the lifeline to Southeast and Western Alaska, domestic and international traffic via the waterway amounts to approximately 7.2 million tons, valued at approximately \$7.5 billion.

In addition, most of the products bound for Alaska originate in the Seattle area, which increases the economic significance of the waterway to the City of Seattle and King County. The Duwamish is also an extremely important corridor of bulk raw materials for the region's construction industry (especially cement, limestone, gypsum and other building materials).

The Duwamish M and I Center also generates a significant portion of the City's taxes:

- Approximately \$19.5 million in property taxes, which represents four percent of overall property taxes collected in the City of Seattle;
- Approximately \$1.2 million in leasehold taxes by tenants of the Port of Seattle;
- Approximately \$46 million in sales/use and B & O taxes, representing 21 percent of such taxes collected in the City of Seattle; and
- The City of Seattle imposes a B & O tax on gross revenues (not on profit) -something not required in other nearby jurisdictions. Many businesses perceive this tax as a **disincentive** to locating in Seattle.

Area	# of Parcels	Total Assessed Land Value	Total Assessed Value of Improvements	Total Value of Real Property	Total Property Taxes Billed (Millions)
Duwamish M&I Center	1, 998	\$1,373,890	\$533, 715	\$1,907,605	\$19, 500
Seattle Citywide	174, 561	\$21,168,472	\$28,351,250	\$49,519,722	\$485, 630
Duwamish as % of Citywide	1. 14%	6. 49%	1. 88%	3. 85%	4. 02%

Source: King County Assessor, 1998.

Table 2-1: Estimated Property Taxes - 1998 (in \$1,000s)

The Duwamish Manufacturing and Industrial Center is an extremely important employment base and revenue generator for the City's budget with annual tax revenues of approximately \$67 million. The economic development strategy for the Duwamish M and I Center is designed to recognize, foster and protect this important employment and tax base.

An important part of developing this recognition is to prepare and disseminate an annual (or biannual) assessment of the M and I Center that updates:

- the number of and type of jobs in the area (including the average payroll by sector), and
- the dollar value of taxes generated by the Duwamish M and I Center for the City of Seattle.

family Wage Jobs

A key goal of the Seattle Comprehensive Plan is to "keep family-wage manufacturing jobs **from** leaving the city". However, not all industries contribute equally to the regional economy. Average annual wages are an important consideration in measuring the contribution that industry

makes, in terms of providing stable family wage jobs and generating significant local spending and tax revenues. In 1997, the annual average wage in King County was approximately \$37,299, which translates roughly into an hourly wage of nearly \$18 an hour for full time, year-round employment. As shown in Table 2-2, most industrial jobs meet or exceed the average wage:

- Manufacturing jobs averaged \$44,621 or 19.6% above the average;
- Transportation & public utilities jobs averaged \$40,801 or 9.4% above the average;
- Wholesale trade jobs averaged \$42,197 or 13.1% above the average; and
- Construction jobs met the average wage standard.

Industry	Average Wage	percent of Average
Construction	\$37,180	-0.3%
Manufacturing	\$44,621	19.6%
Transportation & Public Utilities	\$40,801	9.4%
Wholesale Trade	\$42,197	13.1%
Retail Trade	\$19,502	-47.7%
Finance, Insurance, & Real Estate	\$45,022	20.7%
Services	\$41,037	10.0%
Total	\$37,299	0.0%

Source: BST Associates using data from the Washington State Employment Security Department

Table 2-2: Average Annual Wage in King County, 1997

On the other hand, retail jobs generated slightly more than one-half of the average wage. Although services generated ten percent more than the average in total, hotel workers and personal service workers received an average of only \$18,693 and \$17,695 per year, respectively.

It is very important to recognize the contribution that industry makes in terms of providing a large number of well-paid “livable or family” wage blue-collar jobs.

Needs and Site Characteristics of Industrial Land Users

Manufacturing, industrial, and marine-related businesses like those in the Duwamish M and I Center generally require large tracts of lower-cost land with access to freight transportation, space for outdoor storage, loading and maneuvering corridors, heavy use of utility infrastructure, and separation from non-industrial uses. There is increasing demand for more large parcels—which are difficult to obtain in an urban setting—in the M and I Center than are available.

In addition, industrial land use in the entire M and I Center is under pressure from many forces, including conversion to higher-paying commercial

cial uses (which typically pay higher rents) and use of waterfront property for public access and recreation, among other pressures. These pressures are even greater north of Spokane Street.

Land Use Forecasts

Using employment-based forecasts for land use planning, the Duwamish M and I Center can expect to accommodate an employment growth of 7,389 over the next two decades. This is lower than the Seattle Comprehensive Plan anticipates for the area by over 3,000 jobs. To meet the City's anticipated growth in jobs will require more intensified uses of existing industrial land, employing such strategies as adding shifts to existing businesses, investing in production, improving technology, and more education for employees. It should also be noted that the employment forecasting models do not take into consideration the probable need for additional transportation or storage demands that increasing employment will require. One forecast projects a shortage of nearly 50 acres to accommodate the more modest growth assumption.

The Port of Seattle has recently commissioned a detailed assessment of waterfront property in the Seattle area, entitled *The Marine Industrial Land Study*. This study describes the existing uses of the waterfront industrial and uplands support areas, and projects future land uses to the year 2020 based on surveys and cargo traffic forecasts as well as employment forecasts. There are 1,696 acres in the two marine subareas comprising the Duwamish M and I Center, including 956.6 acres in the South Harbor and 739.4 acres in the Duwamish estuary. These areas are already very well utilized with only an estimated 133.7 acres currently vacant. The Port forecasts a need for 382 additional acres by the year 2020.

The City should follow-up to determine who owns these vacant lands; how much is usable; and how much is impacted by environmental contamination.

In addition, other public agencies have also expressed an interest in developing facilities in the Duwamish M and I Center, including expansions or new facilities by Sound Transit, Metro, Seattle City Light, and the Seattle School District, among others. The total acreage these agencies desire is unknown.

There is a projected shortfall of space of approximately 428 acres (702 acres demanded less the 274 acres vacant and available). Consequently, this plan places high priority on retaining existing firms and establishing a relocation strategy that keeps existing firms in the area as public agencies and other private firms seek to locate in the area or to expand at existing locations in the Duwamish.

Infrastructure Improvements and Public Safety

Due to its age and on-going deferred maintenance, the Duwamish M and I Center has an immediate need for infrastructure improvements. Several of the transportation corridors in the M and I Center are congested and operate over capacity during peak hours (See Chapter 4 and Appendix A). Many roads are also in poor physical condition. Traffic improvements are required to facilitate greater mobility on surface streets, and for truck, rail and marine intermodal traffic.

Improvements should be planned for both transportation and utility systems, as documented in Chapter 4: Transportation.

Improvements include at-grade separations, improved truck turning radii and other related freight mobility improvements. The FAST Corridor improvements will address some key areas of concern. The development of Intelligent Transportation System (ITS) improvements are also expected to improve traffic flows in the Duwamish M and I Center.

Drainage systems in selected areas of the Duwamish M and I Center are inadequate and unsafe. In addition, there is a need for additional police activity in selected areas of the Duwamish to stop criminal activities.

Regulatory Environment

City regulations and their enforcement must be supportive of the Comprehensive Plan policies and goals of preserving and expanding manufacturing, industrial, and marine uses. Issues related to regulations and their enforcement are considered very important by Duwamish M and I Center businesses.

The City currently sends conflicting signals to industrial firms. On the one hand, it spends considerable time implementing positively perceived outreach, financing and jobs initiative programs. On the other hand, the City has very cumbersome regulations and has allowed non-industrial uses (stadiums and hotels) into the industrial area. Industrial users need a more predictable and supportive environment to flourish.

Business owners who were interviewed expressed frustration at the complexity and time-consuming nature of applying for development permits. The process is perceived as onerous and is often administered by City employees who are either not helpful or seen more as impediments. There is a need in some departments for more accountability.

On the other hand, City policies that impede industrial development can lead to business relocations to other more favorably perceived areas. It should however, be recognized that City policies have minimal impact on retaining firms if market forces (i.e., changes in market location, competition from overseas, and like factors) dictate that they should relocate.

Additionally, in marine industrial areas, the regulatory environment is further complicated by the involvement of several State and Federal departments in regulatory processing, the listing of Puget Sound Chinook salmon as an endangered species (with major and expensive implications for industry), and the fact that several tribes have jurisdiction in the area.

Employment Characteristics

The Greater Duwamish M and I Center is recognized as a key employment center in Central Puget Sound because it provides a large number of family-wage industrial jobs and generates enormous tax revenues and economic benefits.

Overall Employment

There were approximately 60,700 employees located in the M and I Center in 1997. Most of the jobs were in the heavy and light industrial categories, dominated by manufacturing, transportation/communications/utilities

(TCU) and wholesale trade. Together, these three sectors accounted for 67 percent of total employment. The next largest sectors were services, retail trade and construction, representing approximately 30 percent of total jobs. In addition, there are approximately 1,989 employees of government and education agencies, an estimated 600 sole proprietors and 150 employees engaged in agricultural services and/or mining.

Industrial *Employment*

The Duwamish M and I Center is unique to the City of Seattle, both as an important employment base and as a tax base. As previously mentioned, there are approximately 60,700 employees in this area with wages substantially above the average in King County.

The Duwamish M and I Center was the place of work for an estimated 14,402 employees in 1997 in a wide variety of manufacturing sectors, dominated by:

- Transportation equipment,
- Food processing,
- Fabricated metal products,
- Non-electrical machinery,
- Apparel and Accessories,

SIC	Sector	1997	Percent
20	Food Products	1,404	9.7%
23	Apparel	1,219	8.5%
24	Wood Products	173	1.2%
26	Paper Products	226	1.6%
27	Printing, Publishing	583	4.0%
28	Chemical Products	157	1.1%
/ 29 /	Petroleum Products	21	0.1%
32	Stone, Clay, Glass Products	1,123	7.8%
33	Primary Metals	747	5.2%
34	Fabricated Metals	1,313	9.1%
35	Non-electrical Machinery	1,306	9.1%
36	Electrical Machinery	210	1.5%
37	Transportation	4,546	31.6%
	Other Manufacturing	1,374	9.5%
	Total	14,402	100.0%

Source: BST Associates using data from PSRC, Employment Security

Table 2-3: Manufacturing *Employment in the Duwamish Manufacturing and Industrial Center in 1997*

Source: King County Assessor, 1998.

- Stone, Clay, Glass & Concrete Products,
- Primary Metals, and
- Printing & Publishing, among other sub-sectors. (See Table 2-3)

Strategic Location

Many of the manufacturing firms located in the Duwamish M and I Center take advantage of the transportation advantages that the area offers, including:

- Proximity to Boeing Field, which facilitates access to aviation facilities and to Boeing for its suppliers,
- Proximity to water-access on the Duwamish, which provides access for fish/seafood products and a variety of other bulk inputs for the manufacturing process (limestone, gypsum, cement, and petroleum products), as well as the ability to repair and build vessels and barges,
- Proximity to downtown Seattle and the metropolitan area, which is an advantage for printers and publishers, among other sectors,
- Proximity to the large industrial base of the Duwamish, which assists foundries, machine shops, chemical providers, electrical and non-electrical machinery and equipment and other sectors, and
- Proximity to the large employment base of the Seattle area, which assists all firms in the area, especially labor-intensive manufacturing sub-sectors (e.g., such as apparel, sporting goods and other manufacturers).

Most of the manufacturing firms in the Duwamish M and I Center located there several years ago, and the metropolitan area has grown up around them. At the initial time of location, this was the primary industrial area in the Seattle area, preceding development in the Kent and Auburn valleys, the Eastside and other newer industrial centers located in Pierce and Snohomish County.

Retail and Service Employment

A crucial element of this plan is to determine how to retain existing firms as well as to attract new firms that are compatible with the area. With this overall goal, it is important to understand the dynamics of the existing area firms and how they interact in the area.

A key finding of this study is that many of the businesses in the retail and service sectors are important to the overall health of the industrial area. With respect to retail employment in the area, several themes were detected, including:

1. Many of the firms are located in the area to serve employees of the industrial firms in the area (especially the food stores, service stations, uniform stores, pharmacies, and eating & drinking establishments);
2. Many are also located in this area to serve the retail needs of the industrial area and the downtown area (especially building materials, motor vehicle and truck supply stores, service stations, salvage businesses, furniture/fixture and office supplies, among other businesses); and
3. The great majority of retail firms also had other secondary lines of business that were typically industrial in nature. This includes a business interest in construction, manufacturing and/or wholesale trade. This

dual nature of firms makes it difficult to exclude retail firms from the definition of industrial firms. Examples of this duality include:

- Building materials retailers that also provide wholesale sales, construction and possibly manufacturing services;
- Gasoline stations that also provide wholesale sales and truck scales or other transportation-related services;
- Several retailers also manufacture some of their products; and
- Only a few retailers appear to serve the retail needs of the greater Seattle metropolitan community or the other neighborhoods around the industrial area. Much of this retail activity is focused in the Design Center and in the northern reaches of the M and I Center (e.g., around SODO Center).

Several themes are also apparent regarding the service firms located in the Duwamish M and I Center:

1. Only a few of the firms are located in the area to serve employees of the industrial firms in the area (banks, labor organizations, etc.);
2. A few of these firms meet the service needs of the local communities (beauty salons, attorneys, etc.), and are located near residential populations in South Park and Georgetown;
3. Many firms are located in this area to serve the service/repair needs of the industrial area and the downtown area (especially cleaners, auto/truck repair and service, and a wide variety of other business services);
4. Many organizations serve community-wide social and health functions; and
5. Some of the service firms also had other secondary lines of business that were typically industrial in nature. This includes a business interest in construction, manufacturing and/or wholesale trade. This dual nature of firms makes it difficult to exclude service firms from the definition of industrial firms. Examples of this duality include:
 - Cleaners that also provide fire damage restoration or other construction-related activities and/or services;
 - Several firms involved in servicing audiovisual and computer accounts or that provide office plants and landscaping services also provide wholesale sales; and
 - Some service firms also manufacture other products.

*Employment Forecasts: Shortfall from Comprehensive **Plan** Targets Indicate Need for Positive City Action*

Using the City Light forecast growth rates by sector, it is anticipated that the Duwamish will grow from its current base of 60,700 jobs in 1997 to approximately 68,089 by the year 2020. This amounts to growth of 0.5 percent per year. The overall goal for new employment in the area was set at 10,860 new jobs in the City's Comprehensive Plan (1994). Given the present trends and policies, it is unlikely Seattle will achieve its target for the Duwamish area. Employment growth of 7,389 jobs is considered as the lower-end forecast for employment in the area. This low-end forecast represents employment that will occur naturally with market forces.

Industry	1997	2020	Increase/ Decrease	CAGR
Agricultural Services/Mining	150	209	59	1.4%
Construction	4,105	6,157	2,052	1.8%
Manufacturing	14,402	14,418	(254)	-0.1%
TCU	14,008	14,547	539	0.2%
Wholesale Trade	12,525	12,792	267	0.1%
Retail Trade	6,455	8,268	1,813	1.1%
Services	7,066	9,511	2,445	1.3%
Government/Education	1,989	2,457	468	0.9%
Proprietors	600	754	154	1.0%
Total	60,700	68,089	7,389	0.5%

Source: BST Associates using data from PSRC, Employment Security, and Dick Conway & Associates

Table 2-4: Forecast of Employment in the Duwamish Manufacturing & Industrial Center

The majority of the employment growth is anticipated to occur in services, construction and retail trade sectors. Manufacturing is expected to experience a slight decrease in employment. Other sectors are expected to exhibit relatively slow growth. It will take intervention from the City of Seattle and other agencies to achieve the higher growth target.

A recent analysis prepared for the King County Council, Commerce, Trade, and Economic Development Committee (Staff Report, Agenda Item Number 2, March 11, 1999) suggests that employment growth in the industrial sectors in King County District 5 (which includes the M and I Center and parts of Renton and Tukwila) could actually be higher. While it is difficult to compare this data (which was compiled from different sources) to this Plan's employment forecast, this King County Council analysis does create a basis for optimism.

Regional Industrial Context

The Puget Sound industrial market has been growing very rapidly in the past decade outside of the City of Seattle. Annual construction has averaged more than 7.0 million square feet during the past three years, up from 3.5 to 4.0 million square feet in 1985 and 1990. The vacancy rate in the region has remained at very low levels throughout the past decade, with a high of 5.6 percent in 1996, falling to 4.8 percent in 1997.

The Puget Sound industrial market consists of several distinct markets:

- The largest area is the Kent Valley, which has 82.3 million square feet in the cities of Kent, Tukwila, Renton, SeaTac and Auburn, representing 45.1 percent of the total Puget Sound market;
- The Seattle Close-In market, which includes the Duwamish M and I Center, is the next largest subarea, with 67.5 million square feet, repre-

senting 37.1 percent of the total Puget Sound market. Both warehouse/distribution firms and manufacturers evenly use the Seattle market;

- The **Eastside** market, which includes Bellevue through Bothell along the high-tech corridor, is the third largest subarea, with 19.6 million square feet or 10.7 percent of the total. The **Eastside** market has the largest assemblage of high-tech space (4.3 million square feet) and caters more to high-tech manufacturers and service providers; and
- Two smaller, but rapidly growing markets are located to the south (Tacoma/Fife) and to the north (Snohomish County). These markets currently have 7.1 and 5.9 million square feet respectively, and account for approximately 7.1 percent of the Puget Sound market.

The Seattle Close-In market has primarily been home to owner-users. As a result, there is little space available for lease and vacancy rates have been very low. As of the end of 1997, the vacancy rate in the area as a whole was less than 2.5 percent and less than three percent in the Duwamish M and I Center. The largest amount of vacant space was located between Spokane Street and the CBD. This includes the Post Office building, which is being planned for redevelopment in 1999.

Potential Solutions

This section identifies a number of solutions which are appropriate for the M and I Center. These solutions are further developed in the Goals, Policies and Actions sections of this chapter.

Job Retention

The Jobs and Economic Analysis (Appendix C) identifies the retention of existing businesses and employees as the top priority with attraction of new businesses as a second priority. To retain existing jobs, the City needs to a) improve transportation and infrastructure, and b) lighten the regulatory burden on businesses operating in the Duwamish M and I Center. **Implementation** of the land use, infrastructure, and transportation recommendations that follow in this plan will have the greatest positive economic impact on the M and I Center.

Consolidation of Public Facilities

A number of large public facilities in the M and I Center (such as the City of Seattle's Sunny Jim Facility and the Federal Center South) are either currently not fully utilized or may be surplus in the near future. Agencies such as the City of Seattle should be poised to offer and prepare such properties for private use, as appropriate. If new industrial public facilities that locate in the M and I Center displace existing private sector family wage jobs, the displaced jobs should be relocated by the public facility within the M and I Center.

Regulatory Improvements

Regulatory and permitting improvements would bolster and improve the ability for industrial businesses to continue to operate and locate in the M and I Center, including preparation of a programmatic EIS for parts or all of the M and I Center, "**pre-permitting**" of water-dependent and industrial uses, and increased regulatory clarity to implement industrial preservation policies.

Outreach & Advocacy Efforts

Continued outreach between the City and the industrial users in the Duwamish M and I Center is a critical component of the Economic Development Strategy. Outreach should include both formal meetings with the Georgetown and South Park communities, the SODO Business Center, the GDPC, as well as informal meetings with individuals and/or groups. The City has several current outreach efforts underway (e.g., related to Brownfields, financing and job initiative programs).

The Manufacturing and Industrial Council of Seattle (MIC) was created by the City of Seattle to give industry a voice to the City and has proven to be helpful in the outreach process. In addition, input from the neighborhood business groups (particularly the aforementioned groups) and business organizations is critical.

*Business **Incentives***

The Office of Economic Development (OED) undertakes much of the City's industrial development efforts. OED's basic mission is to support a healthy, diversified economic base and to bring economic opportunities to all Seattle's citizens. To carry out this mission, OED focuses on the following goals:

- Strengthen the economic base and the business climate by supporting the creation and retention of livable-wage jobs in Seattle and the surrounding region; and by supporting a healthy and diversified regional economy;
- Support employment opportunities by ensuring Seattle's residents have the needed skills and opportunities to participate in the job market and obtain and retain livable-wage jobs; and
- Support community-based economic development by assisting in the development and ongoing support of community-based organizations dedicated to neighborhood revitalization.

The primary incentives that the City undertakes are advocacy (discussed above), financial resources and job initiative programs. (Major financing programs available for businesses are described in Appendix C: Duwamish M and I Center Economic Assessment.)

Land Acquisition and Land Banking

The City should consider a process of land acquisition and banking for uses that are compatible with the Duwamish M and I Center. The existing Brownfield initiative (coupled with other programs) could help in this regard. Public agencies can assist with land options through taking (eminent domain), purchase, or other means to create contiguous parcels of land needed for industrial development.

The role of public agencies in acquiring sites or vacant parcels is currently unclear. The Port of Seattle recently completed its *Marine **Industrial Lands Study***, which concluded that the Port of Seattle may (under certain conditions) find it in its interest to:

- Assemble and create (or consolidate) sites,
- Provide sites for relocation,
- Purchase and hold sites,

- Redevelop sites, and/or
- Reclaim contaminated sites.

The extent of the Port's actions to develop or redevelop land is unclear at the present time. However, it is the only public agency that has directly addressed this issue.

The City is working jointly with the Port and County to assist the private sector in real estate development, particularly via the Brownfield Initiative, which provides the following benefits to property owners and developers:

- Map and characterize environmental problems throughout the area, which reduces the costs for private sector owners and developers;
- Model the shallow groundwater aquifer;
- Work with Washington State Department of Ecology to prepare an area-wide non-potability designation;
- Fund (along with the County) the Environmental Extension Service to provide assistance to property owners regarding both cleanups and improved operational procedures; and
- Develop a revolving loan fund to assist in cleanup assessments and actual cleanups.

Goals & Policies

Goal EC 1: Enhance the economic well being of the Duwamish M and I Center.

- Pol. EC 1.1 Acknowledge the significant contribution of the industries and businesses in the Duwamish M and I Center in terms of both jobs created, export revenues, and tax revenues generated.
- Pol. EC 1.2 Promote the benefits of the Duwamish to the general public and to business and political leaders.
- Pol. EC 1.3 Retain existing businesses and promote their viability and growth. 70 percent of jobs in the M and I Center are and will be created by small businesses.
- Pol.** EC 1.4 Attract new, family-wage businesses to the area.
- Pol.** EC 1.5 Work to achieve the growth target of at least 10,860 new family-wage jobs for the Duwamish M and I Center by the year 2014.
- Pol.** EC 1.6 Preserve land in the Duwamish M and I Center for industrial activities such as manufacturing, warehousing, marine uses, transportation, utilities, construction and other related industrial sectors.
- Pol. EC 1.7 Recognize the right of industrial businesses in the Duwamish to "industrialize" by allowing them to operate using accepted industrial practices without undue interference from adjacent uses as long as industrial zoning and development standards have been met. Accept as part of this right to industrialize that permitting for industrial uses should be simplified and timely.
- Pol.** EC 1.8 Coordinate efforts with BINMIC and other industrially-zoned areas.

Goal EC 2: Infrastructure in the Duwamish M and I Center shall be sufficient to ensure the **efficient** operation and smooth flow of goods to through and from the Duwamish M and I Center.

(Infrastructure includes publicly built and maintained roads, arterials, utilities, piers and other capital investments by the City, Port, County, State and Federal agencies, and sometimes private enterprises.)

Goal EC 3: Preserve land use in the Duwamish M and I Center for industrial uses (as defined in Action EC-1).

Pol. EC 3.1 Encourage site assembly for industrial use.

Pol. EC 3.2 Discourage non-industrial uses.

Pol. EC 3.3 Preserve sufficient capacity in shoreline areas for water-dependent uses.

Pol. EC 3.4 Maintain the existing M and I Center Boundaries.

Pol. EC 3.5 Separate industrial processes and functions from residences and the general public.

Pol. EC 3.6 Address the impacts of sports/exhibition facilities.

Several specific policies have been developed to address land use issues and can be found in the Land Use Chapter.

Goal EC 4: Simplify and streamline the City regulatory process.

Pol. EC 4.1 Bolster the efforts of staff of the Seattle Office of Economic Development to act as advocates for industry and business owners during the permit process.

Pol. EC 4.2 Support on-going efforts to adhere to timely permitting schedules.

Pol. EC 4.3 The City shall continue efforts to provide more consistency, coordination and predictability in permitting,

Pol. EC 4.4 Encourage construction maintenance and repair of piers and docks for workboats by establishing preferences for these uses in the Land Use Code and Shoreline Master Program.

Pol. EC 4.5 Within 200 feet of the Duwamish waterway shoreline, water-dependent and industrial uses shall be the highest priority in the Land Use Code and Shoreline Master Program than other uses, except within South Park.

Pol. EC 4.6 Notify users of the industrial area of all proposed legislative actions that affects the M and I Center.

Pol. EC 4.7 Prepare a Programmatic Environmental Impact Statement (EIS) for the M and I Center which identifies appropriate land use and transportation levels and thresholds for site specific environmental analyses and clean-up.

Goal EC 5: Create a process of land acquisition and banking to aggregate parcels for uses that are compatible with the Duwamish Manufacturing and Industrial Center.

*Goal EC 6: Coordinate **efforts** to assure a more comprehensive and effective outreach strategy.*

- Pol. EC 6.1 Staff engaged in financing outreach should be knowledgeable about other City programs, provide information regarding these programs and **put** interested owners in touch with other City staff to follow-up on their interest.
- Pol EC 6.2 Staff engaged in reviewing permit applications should be trained regarding economics, the role of manufacturing and industry, and the potential impacts of different kinds of projects on tax revenues as job retention.

*Goal EC 7: Help ensure the **effectiveness of** financial tools available **for** businesses.*

Recommended Actions/Strategies

The following section identifies specific actions and strategies which the City of Seattle must undertake in order to achieve the goals and policies delineated in the previous section. In most cases, the responsibility for these actions will fall to the following City departments: Department of Design, Construction, and Land Use, Strategic Planning Office, the Office of Economic Development, **SeaTran**, Seattle Public Utilities, and Seattle City Light.

*Code Amendments and Regulatory **Changes***

- Act. EC-1 Protect Industrial Uses **from** Encroachment. Strengthen the City's zoning policies to protect industrial uses from encroachment by non-industrial uses. As noted by the MIC, this is especially needed in and along the shoreline of the Duwamish River, along freight and goods access routes and where **freight** rail access currently exists.
- Rationale: The industrial zones currently allow large scale non-industrial uses to locate in them. A key strategy of the M and I Center Plan is to implement the County-Wide Planning Policies and the Seattle Comprehensive Plan by further restricting the size of non-industrial uses in industrial zones in order to preserve industrial lands for industrial uses.
- Act. EC-2 New Definition of **Industry**. Adopt the GDPC's definition of industry and incorporate it into City of Seattle land use code:
- "For the purpose of land use code interpretation, the intent of industrial zoning is to **affirm** the **compatibility of infrastructure** requirements, services, and regulatory support necessary to sustain industrial economic vitality and the ability to provide family wage jobs. This interpretation shall include the recognition that **industrial** activities are typically not compatible with office, **retail**, or residential uses and that incompatible uses generate pressure on property values, lease rates, and transportation corridors, increasing demand for public services and negatively impacting industry's ability to sustain its employment base. The objective **of industrial** zoning shall be the segregation of business activity based on compatible uses and impacts as **well** as utility and **infrastructure** requirements.

Industrial activities shall be **defined** and characterized as the manufacture, assembly, storage, repair, distribution, research/development and transportation of materials, goods and **finished** products including commercial fishing and resource extraction and handling. The movement of trucks, trains, ships, airplanes and **nighttime** as well as daytime business operations are integral to this activity. Industrial air, noise and light emissions, while within legal limits, are often greater than those found in **office**, retail, or residential areas.”

Rationale: Industrial uses **are** permitted in the industrial zones but are not clearly defined as a category. The permitting of industrial uses is subject to code interpretation. The above definition will clarify what industrial uses are appropriate for the M and I Center.

Act. EC-3 **Simplify** and Streamline the Industrial Permitting Process. Simplify and streamline the industrial permitting process through the development of a Manufacturing Industrial Center Programmatic EIS and the adoption of a Planned Action Ordinance as part of the City of Seattle’s Comprehensive Plan.

Rationale: The Greater Duwamish Manufacturing and Industrial Center is an important regional center of industrial activity. A Manufacturing Industrial Center Planned Action with its explicit identification of the administrative “planned action” option will function in place of a formal environmental (SEPA) review on a project-specific basis. Planned Actions include future development proposals that fall within the thresholds analyzed in programmatic EIS, and which comply with the mitigation measures adopted by the Planned Action Ordinance. The City of Everett has implemented a successful Planned Action Ordinance.

Act. **EC-4** Expedite Permitting Process in Designated Areas. Revise **land-** use code to pre-qualify selected types of businesses (such as water-dependent users) to receive streamlined treatment in designated areas and set standards allowing water-dependent industrial businesses to locate on the Duwamish Waterway.

Rationale: In marine industrial areas, the regulatory environment is further complicated by the involvement of several State and Federal departments in regulatory processing, the potential listing of salmon as endangered species, and the fact that several tribes have jurisdiction in the area.

Act. EC-5 Provide Opportunities for Aggregation of Parcels. Provide opportunities for aggregation of parcels for industrial purposes, including street vacations, street ends, temporary uses, and reuse of vacant public property.

Rationale: Manufacturing, industrial, and marine-related businesses like those in the M and I Center generally require large tracts of lower-cost land with access to freight transportation, space for outdoor storage, loading and maneuvering corridors, heavy use of utility infrastructure, and separation

from non-industrial uses. There is increasing demand for more large **parcels**—which are difficult to obtain in an urban setting—in the M and I Center than are available.

- Act. EC-6 Regulation Education. Clearly communicate appropriate regulations and their alternatives to industrial businesses.
- Rationale: Business owners have indicated their concern about the complexity and time-consuming nature of applying for development permits. Clearly providing the appropriate information to industrial businesses helps prevent business relocations to other more favorably perceived areas.
- Act. EC-7 Communication **Among City** Departments. Make a conscientious effort to review proposed regulatory review with other City Departments including the Department of Economic Development before changes are initiated. Include affected businesses, industries, and industry associations in review and formulation of regulations.
- Rationale: It is important that City Departments review proposed regulatory changes for consistency and likely impact. It is **of further** importance that potentially impacted businesses and industries have meaningful and timely input into review decisions and the review process.
- Act. EC-8 Maintain **Up-to-Date** Regulations. The City shall periodically examine its regulations for adequacy and current applicability to respond to changing conditions and technologies.
- Rationale: Up-to-date regulations help to ensure the Duwamish M and I Center's competitive role among industrial areas as a place to locate industrial businesses.
- Act. EC-9 Require Relocation Strategies to Keep Jobs in the Duwamish. Require new public facilities that dislocate jobs by moving into the Duwamish M and I Center to provide a relocation strategy to keep the existing jobs in the Duwamish M and I Center.
- Rationale: It is important to retain family-wage jobs within the Duwamish M and I Center.
- Act. EC-10 Piers. Amend City codes (Land Use Code, Building Code, Seattle Fire Code) to the extent that the Land Use Code includes policy statements about other types of structures (housing, industry, etc.) and/or the siting of those structures and uses. It should also include acknowledgment that piers provide a base of operations here thereby generating jobs and export revenue for Seattle, and that Seattle competes with other West coast ports for the business piers can create. Additionally, each of these City codes, to the extent applicable, should be so indexed that all individuals seeking to find out applicable design and construction standards and the potential availability of Seattle Fire Code Alternates can easily locate the pertinent regulations.
- Rationale: Piers are valuable and costly infrastructure. City policy should reflect the desirability of maintaining this infrastructure because it essential to the type of economic

activity that Seattle's Comprehensive Plan and which contributes significantly to the viability and economic importance of the area.

- Act. EC-11 Representation on the Construction Code Advisory Board. Add to the Construction Code Advisory Board a position to be reserved for a representative of maritime industry and for general industry and appoint appropriate individuals to the Board.

Rationale: Inclusion of maritime and general industrial representatives on the Construction Advisory Board will provide better public information about proposed legislative changes provide an ongoing opportunity for mutual education.

Several specific actions have been developed to address land use issues and can be found in the Land Use Chapter.

Ensuring the Effectiveness of Financial Tools Available for Businesses

- Act. EC-12 **Create** Additional Financing Tools. Seek sources of funding for land acquisition, environmental cleanup and general business financing targeted specifically at the industrial uses in the Duwamish M and I Center. Such sources could include local sources, industrial revenue bonds, or federal sources.

Rationale: Businesses seeking to grow in the Duwamish M and I Center are faced with development costs higher than similar area in the County because of the small parcel sizes and the expense of environmental cleanup, as well as the fact that the area is mostly fill.

- Act. EC-13 Seattle Jobs Initiative. Increase the funding for Seattle Jobs Initiative and work to involve more local employers in the curriculum development. Develop an employer list with the job descriptions for the graduates of the program, and work to create a seamless "school to work" path so students are aware as they go through the studies that there is a job waiting for them with specific employers if they successfully complete the training.

Rationale: Such a program helps assure local employers of properly skilled applicants for new or replacement job positions, and creates a direct entry into family-wage job environments for job seekers from the local population.

Maintaining Infrastructure in the Duwamish M and I Center

- Act. EC-14 Maintenance Dredging. The City shall spearhead a process (in cooperation with the Washington Department of Fisheries and Wildlife, Army Corps of Engineers, tribes, and the Department of Ecology) to obtain timely dredging permits. The inability to obtain such permits in a timely manner may force marine businesses out of the Duwamish M and I Center.

Rationale: Continual and regular maintenance dredging keeps the waterway open for marine traffic. Delays caused by permitting and agency coordination can make navigation of the channel difficult, which in turn impacts marine industry.

- Act. EC-15 Regional **Infrastructure** Finance Plan. Develop a regional finance plan for infrastructure, with the Duwamish M and I Center as the catalyst. The Duwamish M and I Center should get its fair share of regional tax revenue generated to fund its needed infrastructure.

Rationale: Well-maintained infrastructure is critical for day-to-day operations within the M and I Center. Due to its age and on-going deferred maintenance, the Duwamish M and I Center has an immediate need for infrastructure improvements.

Marketing, Education, and Information

- Act. EC-16 Prepare Annual Financial Data for Distribution. On a bi-annual basis, the City should arrange for a short economic assessment of the M and I Center, which updates:

- The dollar value of taxes generated; and
- The number and type of jobs generated.

Rationale: Assembling data will track progress for the City in terms of job creation and retention. Data will also be a key piece of a public relations campaign for the Duwamish M and I Center.

- Act. EC-17 Prepare and Implement a Marketing Plan. Prepare and implement a marketing plan, which promotes the M and I Center as an attractive area for business and employment growth. Distribute materials among key public agencies, private sector industry and trade associations, and targeted sectors and businesses for specific growth and employment.

Rationale: The M and I Center is not specifically promoted at present to potential M and I businesses which could help make the area both more visible and competitive.

- Act. ED-18 Dock and Pier Improvement, Education, and Assistance. Prepare a Client Assistance Memo regarding pier maintenance and construction along the portion of the Duwamish River that is inside the boundaries of the Duwamish Manufacturing and Industrial Center for use by Duwamish waterfront property owners. The Memo should include specific examples of completed form applications for exemptions from Shoreline Master Program Substantial Development permit requirements. DCLU should provide information on exemption requests with special emphasis on Seattle Policies and Procedures 25.05.305.C. State and federal agencies should be encouraged to provide similar written assistance.

- Act. FD-19 Pier Adequacy and Facility Inventory. Inventory the adequacy of pier space and pier facilities for commercial work boats in the Duwamish Waterway and report to City Council on

findings to assure that Seattle is well positioned to maintain and strengthen its leadership role as a shipping and fishing port. DCLU should submit a draft of a New Director's Rule for review by the GDPC for an area-wide plan for pier restoration and maintenance that acknowledges City safety and environmental concerns and GDPC concerns with permitting requirements.

Act. ED-20 Review BINMIC Recommended Actions. Review the BINMIC recommended actions in the context of this plan and seek to incorporate. Based on GDPC review of BINMIC plan, seek to incorporate those BINMIC recommendations which would enhance this M and I Center Plan.